

**ACQUISITION COST DEFINITION**

2020 GENERAL SESSION

STATE OF UTAH

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**LONG TITLE****General Description:**

This bill defines the term "acquisition cost" for the property tax code.

**Highlighted Provisions:**

This bill:

- defines the term "acquisition cost" for the property tax code; and
- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:****AMENDS:**

**59-2-102**, as last amended by Laws of Utah 2018, Chapters 415 and 456

**59-2-103**, as last amended by Laws of Utah 2014, Chapter 65

**59-2-108**, as last amended by Laws of Utah 2013, Chapter 248

**59-2-801**, as last amended by Laws of Utah 2008, Chapters 283 and 382

**59-2-804**, as last amended by Laws of Utah 2014, Chapter 65

**59-2-1101 (Effective 01/01/20) (Sup 07/01/20)**, as last amended by Laws of Utah  
2019, Chapter 453

**59-2-1101 (Effective 07/01/20)**, as last amended by Laws of Utah 2019, Chapters 453  
and 496

**59-2-1115 (Effective 01/01/20)**, as last amended by Laws of Utah 2019, Chapter 463

**59-7-302**, as last amended by Laws of Utah 2018, Chapters 456 and 471

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **59-2-102** is amended to read:

**59-2-102. Definitions.**

As used in this chapter [~~and title~~]:

(1) (a) "Acquisition cost" means any cost required to put an item of tangible personal property into service.

(b) "Acquisition cost" includes:

(i) the purchase price of a new or used item;

(ii) the cost of freight, shipping, loading at origin, unloading at destination, crating, skidding, or any other applicable cost of shipping;

(iii) the cost of installation, engineering, rigging, erection, or assembly, including foundations, pilings, utility connections, or similar costs; and

(iv) sales and use taxes.

~~[(1)]~~ (2) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of engaging in dispensing activities directly affecting agriculture or horticulture with an airworthiness certificate from the Federal Aviation Administration certifying the aircraft or rotorcraft's use for agricultural and pest control purposes.

~~[(2)]~~ (3) "Air charter service" means an air carrier operation that requires the customer to hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled trip.

~~[(3)]~~ (4) "Air contract service" means an air carrier operation available only to customers that engage the services of the carrier through a contractual agreement and excess capacity on any trip and is not available to the public at large.

~~[(4)]~~ (5) "Aircraft" means the same as that term is defined in Section 72-10-102.

~~[(5)]~~ (6) (a) Except as provided in Subsection ~~[(5)]~~ (6)(b), "airline" means an air carrier that:

(i) operates:

(A) on an interstate route; and

(B) on a scheduled basis; and

(ii) offers to fly one or more passengers or cargo on the basis of available capacity on a regularly scheduled route.

(b) "Airline" does not include an:

(i) air charter service; or

(ii) air contract service.

~~[(6)]~~ (7) "Assessment roll" means a permanent record of the assessment of property as assessed by the county assessor and the commission and may be maintained manually or as a computerized file as a consolidated record or as multiple records by type, classification, or categories.

~~[(7)]~~ (8) "Base parcel" means a parcel of property that was legally:

(a) subdivided into two or more lots, parcels, or other divisions of land; or

(b) (i) combined with one or more other parcels of property; and

(ii) subdivided into two or more lots, parcels, or other divisions of land.

~~[(8)]~~ (9) (a) "Certified revenue levy" means a property tax levy that provides an amount of ad valorem property tax revenue equal to the sum of:

(i) the amount of ad valorem property tax revenue to be generated statewide in the previous year from imposing a multicounty assessing and collecting levy, as specified in Section 59-2-1602; and

(ii) the product of:

(A) eligible new growth, as defined in Section 59-2-924; and

(B) the multicounty assessing and collecting levy certified by the commission for the previous year.

(b) For purposes of this Subsection ~~[(8)]~~ (9), "ad valorem property tax revenue" does not include property tax revenue received by a taxing entity from personal property that is:

(i) assessed by a county assessor in accordance with Part 3, County Assessment; and

(ii) semiconductor manufacturing equipment.

(c) For purposes of calculating the certified revenue levy described in this Subsection ~~[(8)]~~ (9), the commission shall use:

(i) the taxable value of real property assessed by a county assessor contained on the assessment roll;

(ii) the taxable value of real and personal property assessed by the commission; and

(iii) the taxable year end value of personal property assessed by a county assessor contained on the prior year's assessment roll.

~~[(9)]~~ (10) "County-assessed commercial vehicle" means:

(a) any commercial vehicle, trailer, or semitrailer that is not apportioned under Section

41-1a-301 and is not operated interstate to transport the vehicle owner's goods or property in furtherance of the owner's commercial enterprise;

(b) any passenger vehicle owned by a business and used by its employees for transportation as a company car or vanpool vehicle; and

(c) vehicles that are:

(i) especially constructed for towing or wrecking, and that are not otherwise used to transport goods, merchandise, or people for compensation;

(ii) used or licensed as taxicabs or limousines;

(iii) used as rental passenger cars, travel trailers, or motor homes;

(iv) used or licensed in this state for use as ambulances or hearses;

(v) especially designed and used for garbage and rubbish collection; or

(vi) used exclusively to transport students or their instructors to or from any private, public, or religious school or school activities.

~~[(10)(a) Except as provided in Subsection (10)(b), for purposes of Section 59-2-801, "designated tax area" means a tax area created by the overlapping boundaries of only the following taxing entities:]~~

~~[(i) a county; and]~~

~~[(ii) a school district.]~~

~~[(b) "Designated tax area" includes a tax area created by the overlapping boundaries of the taxing entities described in Subsection (10)(a) and:]~~

~~[(i) a city or town if the boundaries of the school district under Subsection (10)(a) and the boundaries of the city or town are identical; or]~~

~~[(ii) a special service district if the boundaries of the school district under Subsection (10)(a) are located entirely within the special service district.]~~

(11) "Eligible judgment" means a final and unappealable judgment or order under Section 59-2-1330:

(a) that became a final and unappealable judgment or order no more than 14 months before the day on which the notice described in Section 59-2-919.1 is required to be provided; and

(b) for which a taxing entity's share of the final and unappealable judgment or order is greater than or equal to the lesser of:

125 (i) \$5,000; or

126 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the  
127 previous fiscal year.

128 (12) (a) "Escaped property" means any property, whether personal, land, or any  
129 improvements to the property, that is subject to taxation and is:

130 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed  
131 to the wrong taxpayer by the assessing authority;

132 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to  
133 comply with the reporting requirements of this chapter; or

134 (iii) undervalued because of errors made by the assessing authority based upon  
135 incomplete or erroneous information furnished by the taxpayer.

136 (b) "Escaped property" does not include property that is undervalued because of the use  
137 of a different valuation methodology or because of a different application of the same valuation  
138 methodology.

139 (13) (a) "Fair market value" means the amount at which property would change hands  
140 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell  
141 and both having reasonable knowledge of the relevant facts.

142 (b) For purposes of taxation, "fair market value" shall be determined using the current  
143 zoning laws applicable to the property in question, except in cases where there is a reasonable  
144 probability of a change in the zoning laws affecting that property in the tax year in question and  
145 the change would have an appreciable influence upon the value.

146 ~~[(14) (a) "Farm machinery and equipment," for purposes of the exemption provided~~  
147 ~~under Section 59-2-1101, means tractors, milking equipment and storage and cooling facilities,~~  
148 ~~feed handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters,~~  
149 ~~tillage tools, scales, combines, spreaders, sprayers, haying equipment, including balers and~~  
150 ~~cubers, and any other machinery or equipment used primarily for agricultural purposes.]~~

151 ~~[(b) "Farm machinery and equipment" does not include vehicles required to be~~  
152 ~~registered with the Motor Vehicle Division or vehicles or other equipment used for business~~  
153 ~~purposes other than farming.]~~

154 ~~[(15)]~~ (14) "Geothermal fluid" means water in any form at temperatures greater than  
155 120 degrees centigrade naturally present in a geothermal system.

156            [~~(16)~~] (15) "Geothermal resource" means:

157            (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;

158    and

159            (b) the energy, in whatever form, including pressure, present in, resulting from, created

160    by, or which may be extracted from that natural heat, directly or through a material medium.

161            [~~(17)~~] (16) (a) "Goodwill" means:

162            (i) acquired goodwill that is reported as goodwill on the books and records that a

163    taxpayer maintains for financial reporting purposes; or

164            (ii) the ability of a business to:

165            (A) generate income that exceeds a normal rate of return on assets and that results from

166    a factor described in Subsection [~~(17)~~] (16)(b); or

167            (B) obtain an economic or competitive advantage resulting from a factor described in

168    Subsection [~~(17)~~] (16)(b).

169            (b) The following factors apply to Subsection [~~(17)~~] (16)(a)(ii):

170            (i) superior management skills;

171            (ii) reputation;

172            (iii) customer relationships;

173            (iv) patronage; or

174            (v) a factor similar to Subsections [~~(17)~~] (16)(b)(i) through (iv).

175            (c) "Goodwill" does not include:

176            (i) the intangible property described in Subsection [~~(21)~~] (19)(a) or (b);

177            (ii) locational attributes of real property, including:

178            (A) zoning;

179            (B) location;

180            (C) view;

181            (D) a geographic feature;

182            (E) an easement;

183            (F) a covenant;

184            (G) proximity to raw materials;

185            (H) the condition of surrounding property; or

186            (I) proximity to markets;

(iii) value attributable to the identification of an improvement to real property,  
including:

(A) reputation of the designer, builder, or architect of the improvement;

(B) a name given to, or associated with, the improvement; or

(C) the historic significance of an improvement; or

(iv) the enhancement or assemblage value specifically attributable to the interrelation  
of the existing tangible property in place working together as a unit.

~~[(18)]~~ (17) "Governing body" means:

(a) for a county, city, or town, the legislative body of the county, city, or town;

(b) for a local district under Title 17B, Limited Purpose Local Government Entities -  
Local Districts, the local district's board of trustees;

(c) for a school district, the local board of education; or

(d) for a special service district under Title 17D, Chapter 1, Special Service District  
Act:

(i) the legislative body of the county or municipality that created the special service  
district, to the extent that the county or municipal legislative body has not delegated authority  
to an administrative control board established under Section 17D-1-301; or

(ii) the administrative control board, to the extent that the county or municipal  
legislative body has delegated authority to an administrative control board established under  
Section 17D-1-301.

~~[(19)(a) For purposes of Section 59-2-103:]~~

~~[(i) "household" means the association of individuals who live in the same dwelling,  
sharing its furnishings, facilities, accommodations, and expenses; and]~~

~~[(ii) "household" includes married individuals, who are not legally separated, that have  
established domiciles at separate locations within the state.]~~

~~[(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
the commission may make rules defining the term "domicile."]~~

~~[(20)]~~ (18) (a) Except as provided in Subsection ~~[(20)]~~ (18)(c), "improvement" means a  
building, structure, fixture, fence, or other item that is permanently attached to land, regardless  
of whether the title has been acquired to the land, if:

(i) (A) attachment to land is essential to the operation or use of the item; and

218 (B) the manner of attachment to land suggests that the item will remain attached to the  
219 land in the same place over the useful life of the item; or  
220 (ii) removal of the item would:  
221 (A) cause substantial damage to the item; or  
222 (B) require substantial alteration or repair of a structure to which the item is attached.  
223 (b) "Improvement" includes:  
224 (i) an accessory to an item described in Subsection [~~(20)~~] (18)(a) if the accessory is:  
225 (A) essential to the operation of the item described in Subsection [~~(20)~~] (18)(a); and  
226 (B) installed solely to serve the operation of the item described in Subsection [~~(20)~~]  
227 (18)(a); and  
228 (ii) an item described in Subsection [~~(20)~~] (18)(a) that is temporarily detached from the  
229 land for repairs and remains located on the land.  
230 (c) "Improvement" does not include:  
231 (i) an item considered to be personal property pursuant to rules made in accordance  
232 with Section 59-2-107;  
233 (ii) a moveable item that is attached to land for stability only or for an obvious  
234 temporary purpose;  
235 (iii) (A) manufacturing equipment and machinery; or  
236 (B) essential accessories to manufacturing equipment and machinery;  
237 (iv) an item attached to the land in a manner that facilitates removal without substantial  
238 damage to the land or the item; or  
239 (v) a transportable factory-built housing unit as defined in Section 59-2-1502 if that  
240 transportable factory-built housing unit is considered to be personal property under Section  
241 59-2-1503.  
242 [~~(21)~~] (19) "Intangible property" means:  
243 (a) property that is capable of private ownership separate from tangible property,  
244 including:  
245 (i) money;  
246 (ii) credits;  
247 (iii) bonds;  
248 (iv) stocks;



249 (v) representative property;  
250 (vi) franchises;  
251 (vii) licenses;  
252 (viii) trade names;  
253 (ix) copyrights; and  
254 (x) patents;  
255 (b) a low-income housing tax credit;  
256 (c) goodwill; or  
257 (d) a renewable energy tax credit or incentive, including:  
258 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue  
259 Code;  
260 (ii) a federal energy credit for qualified renewable electricity production facilities under  
261 Section 48, Internal Revenue Code;  
262 (iii) a federal grant for a renewable energy property under American Recovery and  
263 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and  
264 (iv) a tax credit under Subsection 59-7-614(5).  
265 ~~[(22)]~~ (20) "Livestock" means:  
266 (a) a domestic animal;  
267 (b) a fish;  
268 (c) a fur-bearing animal;  
269 (d) a honeybee; or  
270 (e) poultry.  
271 ~~[(23)]~~ (21) "Low-income housing tax credit" means:  
272 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;  
273 or  
274 (b) a low-income housing tax credit under Section 59-7-607 or Section 59-10-1010.  
275 ~~[(24)]~~ (22) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and  
276 uranium.  
277 ~~[(25)]~~ (23) "Mine" means a natural deposit of either metalliferous or nonmetalliferous  
278 valuable mineral.  
279 ~~[(26)]~~ (24) "Mining" means the process of producing, extracting, leaching, evaporating,

280 or otherwise removing a mineral from a mine.

281 ~~[(27)]~~ (25) (a) "Mobile flight equipment" means tangible personal property that is  
282 owned or operated by an air charter service, air contract service, or airline and:

283 (i) is capable of flight or is attached to an aircraft that is capable of flight; or

284 (ii) is contained in an aircraft that is capable of flight if the tangible personal property  
285 is intended to be used:

286 (A) during multiple flights;

287 (B) during a takeoff, flight, or landing; and

288 (C) as a service provided by an air charter service, air contract service, or airline.

289 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare  
290 engine that is rotated at regular intervals with an engine that is attached to the aircraft.

291 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
292 commission may make rules defining the term "regular intervals."

293 ~~[(28)]~~ (26) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal,  
294 salts, sand, rock, gravel, and all carboniferous materials.

295 ~~[(29)]~~ (27) "Part-year residential property" means property that is not residential  
296 property on January 1 of a calendar year but becomes residential property after January 1 of the  
297 calendar year.

298 ~~[(30)]~~ (28) "Personal property" includes:

299 (a) every class of property as defined in Subsection ~~[(31)]~~ (29) that is the subject of  
300 ownership and is not real estate or an improvement;

301 (b) any pipe laid in or affixed to land whether or not the ownership of the pipe is  
302 separate from the ownership of the underlying land, even if the pipe meets the definition of an  
303 improvement;

304 (c) bridges and ferries;

305 (d) livestock; and

306 (e) outdoor advertising structures as defined in Section 72-7-502.

307 ~~[(31)]~~ (29) (a) "Property" means property that is subject to assessment and taxation  
308 according to its value.

309 (b) "Property" does not include intangible property as defined in this section.

310 ~~[(32)]~~ (30) "Public utility" means:

(a) for purposes of this chapter, the operating property of a railroad, gas corporation, oil or gas transportation or pipeline company, coal slurry pipeline company, electrical corporation, telephone corporation, sewerage corporation, or heat corporation where the company performs the service for, or delivers the commodity to, the public generally or companies serving the public generally, or in the case of a gas corporation or an electrical corporation, where the gas or electricity is sold or furnished to any member or consumers within the state for domestic, commercial, or industrial use; and

(b) the operating property of any entity or person defined under Section 54-2-1 except water corporations.

~~[(33)]~~ (31) (a) Subject to Subsection ~~[(33)]~~ (31)(b), "qualifying exempt primary residential rental personal property" means household furnishings, furniture, and equipment that:

- (i) are used exclusively within a dwelling unit that is the primary residence of a tenant;
- (ii) are owned by the owner of the dwelling unit that is the primary residence of a tenant; and
- (iii) after applying the residential exemption described in Section 59-2-103, are exempt from taxation under this chapter in accordance with Subsection 59-2-1115(2).

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may by rule define the term "dwelling unit" for purposes of this Subsection ~~[(33)]~~ (31) and Subsection ~~[(36)]~~ (34).

~~[(34)]~~ (32) "Real estate" or "real property" includes:

- (a) the possession of, claim to, ownership of, or right to the possession of land;
- (b) all mines, minerals, and quarries in and under the land, all timber belonging to individuals or corporations growing or being on the lands of this state or the United States, and all rights and privileges appertaining to these; and
- (c) improvements.

~~[(35)]~~ (33) (a) "Relationship with an owner of the property's land surface rights" means a relationship described in Subsection 267(b), Internal Revenue Code, except that the term 25% shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code.

(b) For purposes of determining if a relationship described in Subsection 267(b), Internal Revenue Code, exists, the ownership of stock shall be determined using the ownership

rules in Subsection 267(c), Internal Revenue Code.

~~[(36)]~~ (34) (a) Subject to Subsection ~~[(36)]~~ (34)(b), "residential property," for purposes of the reductions and adjustments under this chapter, means any property used for residential purposes as a primary residence.

(b) Subject to Subsection ~~[(36)]~~ (34)(c), "residential property":

(i) except as provided in Subsection ~~[(36)]~~ (34)(b)(ii), includes household furnishings, furniture, and equipment if the household furnishings, furniture, and equipment are:

(A) used exclusively within a dwelling unit that is the primary residence of a tenant;

and

(B) owned by the owner of the dwelling unit that is the primary residence of a tenant;

and

(ii) does not include property used for transient residential use.

(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may by rule define the term "dwelling unit" for purposes of Subsection ~~[(33)]~~ (31) and this Subsection ~~[(36)]~~ (34).

~~[(37)]~~ (35) "Split estate mineral rights owner" means a person that:

(a) has a legal right to extract a mineral from property;

(b) does not hold more than a 25% interest in:

(i) the land surface rights of the property where the wellhead is located; or

(ii) an entity with an ownership interest in the land surface rights of the property where the wellhead is located;

(c) is not an entity in which the owner of the land surface rights of the property where the wellhead is located holds more than a 25% interest; and

(d) does not have a relationship with an owner of the land surface rights of the property where the wellhead is located.

~~[(38)]~~ (36) (a) "State-assessed commercial vehicle" means:

(i) any commercial vehicle, trailer, or semitrailer that operates interstate or intrastate to transport passengers, freight, merchandise, or other property for hire; or

(ii) any commercial vehicle, trailer, or semitrailer that operates interstate and transports the vehicle owner's goods or property in furtherance of the owner's commercial enterprise.

(b) "State-assessed commercial vehicle" does not include vehicles used for hire that are

373 specified in Subsection ~~[(9)]~~ (10)(c) as county-assessed commercial vehicles.

374 ~~[(39)]~~ (37) "Subdivided lot" means a lot, parcel, or other division of land, that is a  
375 division of a base parcel.

376 ~~[(40)]~~ "Taxable value" means fair market value less any applicable reduction allowed  
377 for residential property under Section 59-2-103.]

378 ~~[(41)]~~ (38) "Tax area" means a geographic area created by the overlapping boundaries  
379 of one or more taxing entities.

380 (39) "Taxable value" means fair market value less any applicable reduction allowed for  
381 residential property under Section 59-2-103.

382 ~~[(42)]~~ (40) "Taxing entity" means any county, city, town, school district, special taxing  
383 district, local district under Title 17B, Limited Purpose Local Government Entities - Local  
384 Districts, or other political subdivision of the state with the authority to levy a tax on property.

385 ~~[(43)]~~ (41) (a) "Tax roll" means a permanent record of the taxes charged on property,  
386 as extended on the assessment roll, and may be maintained on the same record or records as the  
387 assessment roll or may be maintained on a separate record properly indexed to the assessment  
388 roll.

389 (b) "Tax roll" includes tax books, tax lists, and other similar materials.

390 Section 2. Section **59-2-103** is amended to read:

391 **59-2-103. Rate of assessment of property -- Residential property.**

392 (1) As used in this section:

393 (a) (i) "Household" means the association of individuals who live in the same dwelling,  
394 sharing the dwelling's furnishings, facilities, accommodations, and expenses.

395 (ii) "Household" includes married individuals, who are not legally separated, who have  
396 established domiciles at separate locations within the state.

397 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
398 commission may make rules defining the term "domicile."

399 ~~[(1)]~~ (2) All tangible taxable property located within the state shall be assessed and  
400 taxed at a uniform and equal rate on the basis of its fair market value, as valued on January 1,  
401 unless otherwise provided by law.

402 ~~[(2)]~~ (3) Subject to Subsections ~~[(3)]~~ (4) through ~~[(5)]~~ (6) and Section 59-2-103.5, for a  
403 calendar year, the fair market value of residential property located within the state is allowed a

residential exemption equal to a 45% reduction in the value of the property.

~~[(3)]~~ (4) Part-year residential property located within the state is allowed the residential exemption described in Subsection ~~[(2)]~~ (3) if the part-year residential property is used as residential property for 183 or more consecutive calendar days during the calendar year for which the owner seeks to obtain the residential exemption.

~~[(4)]~~ (5) No more than one acre of land per residential unit may qualify for the residential exemption described in Subsection ~~[(2)]~~ (3).

~~[(5)]~~ (6) (a) Except as provided in Subsection ~~[(5)]~~ (6)(b)(ii), a residential exemption described in Subsection ~~[(2)]~~ (3) is limited to one primary residence per household.

(b) An owner of multiple primary residences located within the state is allowed a residential exemption under Subsection ~~[(2)]~~ (3) for:

- (i) subject to Subsection ~~[(5)]~~ (6)(a), the primary residence of the owner; and
- (ii) each residential property that is the primary residence of a tenant.

Section 3. Section **59-2-108** is amended to read:

**59-2-108. Election for assessment and taxation of noncapitalized personal property according to a schedule.**

(1) As used in this section:

~~[(a) (i) "Acquisition cost" means all costs required to put an item of tangible personal property into service; and]~~

~~[(ii) includes:]~~

~~[(A) the purchase price for a new or used item;]~~

~~[(B) the cost of freight and shipping;]~~

~~[(C) the cost of installation, engineering, erection, or assembly; and]~~

~~[(D) sales and use taxes.]~~

~~[(b)]~~ (a) (i) "Item of taxable tangible personal property" does not include an improvement to real property or a part that will become an improvement.

(ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules defining the term "item of taxable tangible personal property."

~~[(c)]~~ (b) "Noncapitalized personal property" means an item of tangible personal property:

- (i) that has an acquisition cost of \$1,000 or less; and

(ii) with respect to which a deduction is allowed under Section 162 or Section 179, Internal Revenue Code, in the year of acquisition, regardless of whether a deduction is actually claimed.

~~[(d)]~~ (c) "Taxable tangible personal property" means tangible personal property that is subject to taxation under this chapter.

(2) (a) A person may make an election for the noncapitalized personal property owned by the person to be assessed and taxed as provided in this section.

(b) Except as provided in Subsection (2)(c), a county may not require a person ~~[who]~~ that makes an election under this section to:

(i) itemize noncapitalized personal property on the signed statement described in Section 59-2-306; or

(ii) track noncapitalized personal property.

(c) If a person's noncapitalized personal property for which the person makes an election under this section is examined in accordance with Section 59-2-306, the person shall provide proof of the acquisition cost of the noncapitalized personal property.

(3) (a) An election under this section may not be revoked.

(b) Except as provided in Subsection (3)(d), if a person makes an election under this section with respect to noncapitalized personal property, the person shall pay taxes on the noncapitalized personal property according to the schedule described in Subsection (4).

(c) If a person sells or otherwise disposes of an item of noncapitalized personal property for which the person makes an election under this section prior to the fourth year after acquisition, the person shall continue to pay taxes according to the schedule described in Subsection (4).

(d) If a person makes an election under this section for noncapitalized personal property acquired on or before December 31, 2012, at a time after the first year after acquisition, the person shall pay taxes according to the taxable value for the applicable one or more years after acquisition as determined by the schedule described in Subsection (4).

(e) If a person makes an election under this section, the person may not appeal the values described in Subsection (4).

(4) The taxable value of noncapitalized personal property for which a person makes an election under this section is calculated by applying the percent good factor against the

466 acquisition cost of the noncapitalized personal property as follows:

467 Noncapitalized Personal Property Schedule

468	Year after Acquisition	Percent Good of Acquisition Cost
469	First year after acquisition	75%
470	Second year after acquisition	50%
471	Third year after acquisition	25%
472	Fourth year after acquisition	0%

473 Section 4. Section **59-2-801** is amended to read:

474 **59-2-801. Apportionment of property assessed by commission.**

475 (1) As used in this section:

476 (a) (i) Except as provided in Subsection (1)(a)(ii), "designated tax area" means a tax  
 477 area created by the overlapping boundaries of only the following taxing entities:

478 (A) a county; and

479 (B) a school district.

480 (ii) "Designated tax area" includes a tax area created by the overlapping boundaries of  
 481 the taxing entities described in Subsection (1)(a)(i); and:

482 (A) a city or town if the boundaries of the school district under Subsection (1)(a)(i) and  
 483 the boundaries of the city or town are identical; or

484 (B) a special service district if the boundaries of the school district under Subsection  
 485 (1)(a)(i) are located entirely within the special service district.

486 (b) "Ground hours" means the total number of hours during the calendar year  
 487 immediately preceding the January 1 described in Section 59-2-103 that aircraft owned or  
 488 operated by the following are on the ground:

489 (i) an air charter service;

490 (ii) an air contract service; or

491 (iii) an airline.

492 ~~[(+)]~~ (2) Before May 25 of each year, the commission shall apportion to each tax area  
 493 the total assessment of all of the property the commission assesses as provided in Subsections  
 494 ~~[(+)]~~ (2)(a) through (f).



495 (a) (i) The commission shall apportion the assessments of the property described in  
496 Subsection ~~[(1)]~~ (2)(a)(ii):

497 (A) to each tax area through which the public utility or company described in  
498 Subsection ~~[(1)]~~ (2)(a)(ii) operates; and

499 (B) in proportion to the property's value in each tax area.

500 (ii) Subsection ~~[(1)]~~ (2)(a)(i) applies to property owned by:

501 (A) a public utility, except for the rolling stock of a public utility;

502 (B) a pipeline company;

503 (C) a power company;

504 (D) a canal company; or

505 (E) an irrigation company.

506 (b) The commission shall apportion the assessments of the rolling stock of a railroad:

507 (i) to the tax areas through which railroads operate; and

508 (ii) in the proportion that the length of the main tracks, sidetracks, passing tracks,  
509 switches, and tramways of the railroads in each tax area bears to the total length of the main  
510 tracks, sidetracks, passing tracks, switches, and tramways in the state.

511 (c) The commission shall apportion the assessments of the property of a car company  
512 to:

513 (i) each tax area in which a railroad is operated; and

514 (ii) in the proportion that the length of the main tracks, passing tracks, sidetracks,  
515 switches, and tramways of all of the railroads in each tax area bears to the total length of the  
516 main tracks, passing tracks, sidetracks, switches, and tramways of all of the railroads in the  
517 state.

518 (d) (i) The commission shall apportion the assessments of the property described in  
519 Subsection ~~[(1)]~~ (2)(d)(ii) to each tax area in which the property is located.

520 (ii) Subsection ~~[(1)]~~ (2)(d)(i) applies to the following property:

521 (A) mines;

522 (B) mining claims; or

523 (C) mining property.

524 ~~[(c) (i) As used in this Subsection (1)(c), "ground hours" means the total number of~~  
525 ~~hours during the calendar year immediately preceding the January 1 described in Section~~

526 ~~59-2-103 that aircraft owned or operated by the following are on the ground:]~~

527 ~~[(A) an air charter service;]~~

528 ~~[(B) an air contract service; or]~~

529 ~~[(C) an airline.]~~

530 ~~[(iii)]~~ (e) (i) The commission shall apportion the assessments of the property described  
531 in Subsection (1)(e) ~~[(iii)]~~(ii) to:

532 (A) each designated tax area; and

533 (B) in the proportion that the ground hours in each designated tax area bear to the total  
534 ground hours in the state.

535 ~~[(iii)]~~ (ii) Subsection (1)(e) ~~[(ii)]~~(i) applies to the mobile flight equipment owned by  
536 an:

537 (A) air charter service;

538 (B) air contract service; or

539 (C) airline.

540 (f) (i) The commission shall apportion the assessments of the property described in  
541 Subsection (1)(f)(ii) to each tax area in which the property is located as of January 1 of each  
542 year.

543 (ii) Subsection (1)(f)(i) applies to the real and tangible personal property, other than  
544 mobile flight equipment, owned by an:

545 (A) air charter service;

546 (B) air contract service; or

547 (C) airline.

548 ~~[(2)]~~ (3) (a) (i) (A) State-assessed commercial vehicles that weigh 12,001 pounds or  
549 more shall be taxed at a statewide average rate which is calculated from the overall county  
550 average tax rates from the preceding year, exclusive of the property subject to the statewide  
551 uniform fee, weighted by lane miles of principal routes in each county.

552 (B) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
553 commission shall adopt rules to define "principal routes."

554 (ii) State-assessed commercial vehicles that weigh 12,000 pounds or less are subject to  
555 the uniform fee provided in Section 59-2-405.1.

556 (b) The combined revenue from all state-assessed commercial vehicles shall be

557 apportioned to the counties based on:

558 (i) 40% by the percentage of lane miles of principal routes within each county as  
559 determined by the commission; and

560 (ii) 60% by the percentage of total state-assessed vehicles having business situs in each  
561 county.

562 (c) At least quarterly, the commission shall apportion the total taxes paid on  
563 state-assessed commercial vehicles to the counties.

564 (d) Each county shall apportion its share of the revenues under this Subsection [~~(2)~~]  
565 (3) to the taxing entities within its boundaries in the same proportion as the assessments of  
566 other:

567 (i) real property;

568 (ii) tangible personal property; and

569 (iii) property assessed by the commission.

570 Section 5. Section **59-2-804** is amended to read:

571 **59-2-804. Interstate allocation of mobile flight equipment.**

572 (1) As used in this section:

573 (a) "Aircraft type" means a particular model of aircraft as designated by the  
574 manufacturer of the aircraft.

575 (b) "Airline ground hours calculation" means an amount equal to the product of:

576 (i) the total number of hours aircraft owned or operated by an airline are on the ground,  
577 calculated by aircraft type; and

578 (ii) the cost percentage.

579 (c) "Airline revenue ton miles" means, for an airline, the total revenue ton miles during  
580 the calendar year that immediately precedes the January 1 described in Section 59-2-103.

581 (d) "Cost percentage" means a fraction, calculated by aircraft type, the numerator of  
582 which is the airline's average cost of the aircraft type and the denominator of which is the  
583 airline's average cost of the aircraft type:

584 (i) owned or operated by the airline; and

585 (ii) that has the lowest average cost.

586 (e) "Ground hours factor" means the product of:

587 (i) a fraction, the numerator of which is the Utah ground hours calculation and the

588 denominator of which is the airline ground hours calculation; and

589 (ii) .50.

590 (f) (i) Except as provided in Subsection (1)(f)(ii), "mobile flight equipment" is as  
591 defined in Section 59-2-102.

592 (ii) "Mobile flight equipment" does not include tangible personal property described in  
593 Subsection 59-2-102[(27)](25) owned by an:

594 (A) air charter service; or

595 (B) air contract service.

596 (g) "Mobile flight equipment allocation factor" means the sum of:

597 (i) the ground hours factor; and

598 (ii) the revenue ton miles factor.

599 (h) "Revenue ton miles" is determined in accordance with 14 C.F.R. Part 241.

600 (i) "Revenue ton miles factor" means the product of:

601 (i) a fraction, the numerator of which is the Utah revenue ton miles and the

602 denominator of which is the airline revenue ton miles; and

603 (ii) .50.

604 (j) "Utah ground hours calculation" means an amount equal to the product of:

605 (i) the total number of hours aircraft owned or operated by an airline are on the ground  
606 in this state, calculated by aircraft type; and

607 (ii) the cost percentage.

608 (k) "Utah revenue ton miles" means, for an airline, the total revenue ton miles within  
609 the borders of this state:

610 (i) during the calendar year that immediately precedes the January 1 described in

611 Section 59-2-103; and

612 (ii) from flight stages that originate or terminate in this state.

613 (2) For purposes of the assessment of an airline's mobile flight equipment by the  
614 commission, a portion of the value of the airline's mobile flight equipment shall be allocated to  
615 the state by calculating the product of:

616 (a) the total value of the mobile flight equipment; and

617 (b) the mobile flight equipment allocation factor.

618 Section 6. Section **59-2-1101 (Effective 01/01/20) (Sup 07/01/20)** is amended to read:

**59-2-1101 (Effective 01/01/20) (Sup 07/01/20). Definitions -- Exemption of certain property -- Proportional payments for certain property -- County legislative body authority to adopt rules or ordinances.**

(1) As used in this section:

(a) "Educational purposes" includes:

(i) the physical or mental teaching, training, or conditioning of competitive athletes by a national governing body of sport recognized by the United States Olympic Committee that qualifies as being tax exempt under Section 501(c)(3), Internal Revenue Code; and

(ii) an activity in support of or incidental to the teaching, training, or conditioning described in Subsection (1)(a)(i).

(b) "Exclusive use exemption" means a property tax exemption under Subsection (3)(a)(iv), for property owned by a nonprofit entity used exclusively for religious, charitable, or educational purposes.

(c) (i) "Farm machinery and equipment" means tractors, milking equipment and storage and cooling facilities, feed handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters, tillage tools, scales, combines, spreaders, sprayers, haying equipment, including balers and cubers, and any other machinery or equipment used primarily for agricultural purposes.

(ii) "Farm machinery and equipment" does include vehicles required to be registered with the Motor Vehicle Division or vehicles or other equipment used for business purposes other than farming.

~~[(c)]~~ (d) "Government exemption" means a property tax exemption provided under Subsection (3)(a)(i), (ii), or (iii).

~~[(d)]~~ (e) "Nonprofit entity" includes an entity if the:

(i) entity is treated as a disregarded entity for federal income tax purposes;

(ii) entity is wholly owned by, and controlled under the direction of, a nonprofit entity;

and

(iii) net earnings and profits of the entity irrevocably inure to the benefit of a nonprofit entity.

~~[(e)]~~ (f) "Tax relief" means an exemption, deferral, or abatement that is authorized by this part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces Exemptions.

(2) (a) Except as provided in Subsection (2)(b) or (c), tax relief may be allowed only if the claimant is the owner of the property as of January 1 of the year the exemption is claimed.

(b) Notwithstanding Subsection (2)(a), a claimant shall collect and pay a proportional tax based upon the length of time that the property was not owned by the claimant if:

(i) the claimant is a federal, state, or political subdivision entity described in Subsection (3)(a)(i), (ii), or (iii); or

(ii) pursuant to Subsection (3)(a)(iv):

(A) the claimant is a nonprofit entity; and

(B) the property is used exclusively for religious, charitable, or educational purposes.

(c) Subsection (2)(a) does not apply to an exemption described in Part 19, Armed Forces Exemptions.

(3) (a) The following property is exempt from taxation:

(i) property exempt under the laws of the United States;

(ii) property of:

(A) the state;

(B) school districts; and

(C) public libraries;

(iii) except as provided in Title 11, Chapter 13, Interlocal Cooperation Act, property of:

(A) counties;

(B) cities;

(C) towns;

(D) local districts;

(E) special service districts; and

(F) all other political subdivisions of the state;

(iv) property owned by a nonprofit entity used exclusively for religious, charitable, or educational purposes;

(v) places of burial not held or used for private or corporate benefit;

(vi) farm machinery and equipment;

(vii) a high tunnel, as defined in Section 10-9a-525;

(viii) intangible property; and

(ix) the ownership interest of an out-of-state public agency, as defined in Section

681 11-13-103:

682 (A) if that ownership interest is in property providing additional project capacity, as  
683 defined in Section 11-13-103; and

684 (B) on which a fee in lieu of ad valorem property tax is payable under Section  
685 11-13-302.

686 (b) For purposes of a property tax exemption for property of school districts under  
687 Subsection (3)(a)(ii)(B), a charter school under Title 53G, Chapter 5, Charter Schools, is  
688 considered to be a school district.

689 (4) Subject to Subsection (5), if property that is allowed an exclusive use exemption or  
690 a government exemption ceases to qualify for the exemption because of a change in the  
691 ownership of the property:

692 (a) the new owner of the property shall pay a proportional tax based upon the period of  
693 time:

694 (i) beginning on the day that the new owner acquired the property; and

695 (ii) ending on the last day of the calendar year during which the new owner acquired  
696 the property; and

697 (b) the new owner of the property and the person from whom the new owner acquires  
698 the property shall notify the county assessor, in writing, of the change in ownership of the  
699 property within 30 days from the day that the new owner acquires the property.

700 (5) Notwithstanding Subsection (4)(a), the proportional tax described in Subsection  
701 (4)(a):

702 (a) is subject to any exclusive use exemption or government exemption that the  
703 property is entitled to under the new ownership of the property; and

704 (b) applies only to property that is acquired after December 31, 2005.

705 (6) A county legislative body may adopt rules or ordinances to:

706 (a) effectuate the exemptions, deferrals, abatements, or other relief from taxation  
707 provided in this part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces  
708 Exemptions; and

709 (b) designate one or more persons to perform the functions given the county under this  
710 part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces Exemptions.

711 (7) If a person is dissatisfied with a tax relief decision made under designated

712 decision-making authority as described in Subsection (6)(b), that person may appeal the  
713 decision to the commission under Section 59-2-1006.

714 Section 7. Section **59-2-1101 (Effective 07/01/20)** is amended to read:

715 **59-2-1101 (Effective 07/01/20). Definitions -- Exemption of certain property --**  
716 **Proportional payments for certain property -- County legislative body authority to adopt**  
717 **rules or ordinances.**

718 (1) As used in this section:

719 (a) (i) "Educational purposes" means the same as that term is used in Section  
720 501(c)(3), Internal Revenue Code, and interpreted according to federal law.

721 (ii) "Educational purposes" includes:

722 (A) the physical or mental teaching, training, or conditioning of competitive athletes by  
723 a national governing body of sport recognized by the United States Olympic Committee that  
724 qualifies as being tax exempt under Section 501(c)(3), Internal Revenue Code; and

725 (B) an activity in support of or incidental to the teaching, training, or conditioning  
726 described in Subsection (1)(a)(i).

727 (b) "Exclusive use exemption" means a property tax exemption under Subsection  
728 (3)(a)(iv), for property owned by a nonprofit entity used exclusively for religious, charitable, or  
729 educational purposes.

730 (c) (i) "Farm machinery and equipment" means tractors, milking equipment and storage  
731 and cooling facilities, feed handling equipment, irrigation equipment, harvesters, choppers,  
732 grain drills and planters, tillage tools, scales, combines, spreaders, sprayers, haying equipment,  
733 including balers and cubers, and any other machinery or equipment used primarily for  
734 agricultural purposes.

735 (ii) "Farm machinery and equipment" does include vehicles required to be registered  
736 with the Motor Vehicle Division or vehicles or other equipment used for business purposes  
737 other than farming.

738 ~~[(e)]~~ (d) "Government exemption" means a property tax exemption provided under  
739 Subsection (3)(a)(i), (ii), or (iii).

740 ~~[(d)]~~ (e) "Nonprofit entity" includes an entity if the:

741 (i) entity is treated as a disregarded entity for federal income tax purposes;

742 (ii) entity is wholly owned by, and controlled under the direction of, a nonprofit entity;



743 and

744 (iii) net earnings and profits of the entity irrevocably inure to the benefit of a nonprofit  
745 entity.

746 ~~[(e)]~~ (f) "Tax relief" means an exemption, deferral, or abatement that is authorized by  
747 this part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces Exemptions.

748 (2) (a) Except as provided in Subsection (2)(b) or (c), tax relief may be allowed only if  
749 the claimant is the owner of the property as of January 1 of the year the exemption is claimed.

750 (b) Notwithstanding Subsection (2)(a), a claimant shall collect and pay a proportional  
751 tax based upon the length of time that the property was not owned by the claimant if:

752 (i) the claimant is a federal, state, or political subdivision entity described in  
753 Subsection (3)(a)(i), (ii), or (iii); or

754 (ii) pursuant to Subsection (3)(a)(iv):

755 (A) the claimant is a nonprofit entity; and

756 (B) the property is used exclusively for religious, charitable, or educational purposes.

757 (c) Subsection (2)(a) does not apply to an exemption described in Part 19, Armed  
758 Forces Exemptions.

759 (3) (a) The following property is exempt from taxation:

760 (i) property exempt under the laws of the United States;

761 (ii) property of:

762 (A) the state;

763 (B) school districts; and

764 (C) public libraries;

765 (iii) except as provided in Title 11, Chapter 13, Interlocal Cooperation Act, property of:

766 (A) counties;

767 (B) cities;

768 (C) towns;

769 (D) local districts;

770 (E) special service districts; and

771 (F) all other political subdivisions of the state;

772 (iv) property owned by a nonprofit entity used exclusively for religious, charitable, or  
773 educational purposes;

- 774 (v) places of burial not held or used for private or corporate benefit;  
775 (vi) farm machinery and equipment;  
776 (vii) a high tunnel, as defined in Section 10-9a-525;  
777 (viii) intangible property; and  
778 (ix) the ownership interest of an out-of-state public agency, as defined in Section  
779 11-13-103:
- 780 (A) if that ownership interest is in property providing additional project capacity, as  
781 defined in Section 11-13-103; and  
782 (B) on which a fee in lieu of ad valorem property tax is payable under Section  
783 11-13-302.
- 784 (b) For purposes of a property tax exemption for property of school districts under  
785 Subsection (3)(a)(ii)(B), a charter school under Title 53G, Chapter 5, Charter Schools, is  
786 considered to be a school district.
- 787 (4) Subject to Subsection (5), if property that is allowed an exclusive use exemption or  
788 a government exemption ceases to qualify for the exemption because of a change in the  
789 ownership of the property:
- 790 (a) the new owner of the property shall pay a proportional tax based upon the period of  
791 time:
- 792 (i) beginning on the day that the new owner acquired the property; and  
793 (ii) ending on the last day of the calendar year during which the new owner acquired  
794 the property; and
- 795 (b) the new owner of the property and the person from whom the new owner acquires  
796 the property shall notify the county assessor, in writing, of the change in ownership of the  
797 property within 30 days from the day that the new owner acquires the property.
- 798 (5) Notwithstanding Subsection (4)(a), the proportional tax described in Subsection  
799 (4)(a):
- 800 (a) is subject to any exclusive use exemption or government exemption that the  
801 property is entitled to under the new ownership of the property; and  
802 (b) applies only to property that is acquired after December 31, 2005.
- 803 (6) A county legislative body may adopt rules or ordinances to:
- 804 (a) effectuate the exemptions, deferrals, abatements, or other relief from taxation

provided in this part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces Exemptions; and

(b) designate one or more persons to perform the functions given the county under this part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces Exemptions.

(7) If a person is dissatisfied with a tax relief decision made under designated decision-making authority as described in Subsection (6)(b), that person may appeal the decision to the commission under Section 59-2-1006.

Section 8. Section **59-2-1115 (Effective 01/01/20)** is amended to read:

**59-2-1115 (Effective 01/01/20). Exemption of certain tangible personal property.**

~~[(1) For purposes of this section:]~~

~~[(a) (i) "Acquisition cost" means all costs required to put an item of tangible personal property into service; and]~~

~~[(ii) includes:]~~

~~[(A) the purchase price for a new or used item;]~~

~~[(B) the cost of freight and shipping;]~~

~~[(C) the cost of installation, engineering, erection, or assembly; and]~~

~~[(D) sales and use taxes.]~~

(1) As used in this section:

~~[(b)]~~ (a) (i) "Item of taxable tangible personal property" does not include an improvement to real property or a part that will become an improvement.

(ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules defining the term "item of taxable tangible personal property."

~~[(c)]~~ (b) (i) "Taxable tangible personal property" means tangible personal property that is subject to taxation under this chapter.

(ii) "Taxable tangible personal property" does not include:

(A) tangible personal property required by law to be registered with the state before it is used~~[-]~~ on a public highway, public waterway, or public land or in the air;

~~[(F) on a public highway;]~~

~~[(H) on a public waterway;]~~

~~[(HH) on public land; or]~~

~~[(IV) in the air;]~~

836 (B) a mobile home as defined in Section 41-1a-102; or

837 (C) a manufactured home as defined in Section 41-1a-102.

838 (2) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if  
839 the taxable tangible personal property has a total aggregate taxable value per county of \$15,000  
840 or less.

841 (b) In addition to the exemption under Subsection (2)(a), an item of taxable tangible  
842 personal property, except for an item of noncapitalized personal property as defined in Section  
843 59-2-108, is exempt from taxation if the item of taxable tangible personal property:

844 (i) has an acquisition cost of \$1,000 or less;

845 (ii) has reached a percent good of 15% or less according to a personal property  
846 schedule published by the commission pursuant to Section 59-2-107; and

847 (iii) is in a personal property schedule with a residual value of 15% or less.

848 (c) For an item of taxable tangible personal property that is not exempt under  
849 Subsection (2)(a) or (b), the item is exempt from taxation if:

850 (i) the item is owned by a business and is not critical to the actual business operation of  
851 the business; and

852 (ii) the acquisition cost of the item is less than \$150.

853 (3) (a) For a calendar [~~years~~] year beginning on or after January 1, 2015, the  
854 commission shall increase the dollar amount described in Subsection (2)(a):

855 (i) by a percentage equal to the percentage difference between the consumer price  
856 index for the preceding calendar year and the consumer price index for calendar year 2013; and

857 (ii) up to the nearest \$100 increment.

858 (b) For purposes of this Subsection (3), the commission shall calculate the consumer  
859 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

860 (c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative  
861 percentage, the consumer price index increase for the year is zero.

862 (4) (a) For the first calendar year in which a taxpayer qualifies for an exemption  
863 described in Subsection (2)(a), a county assessor may require the taxpayer to file a signed  
864 statement described in Section 59-2-306.

865 (b) Notwithstanding Section 59-2-306 and subject to Subsection (5), for a calendar  
866 year in which a taxpayer qualifies for an exemption described in Subsection (2)(a) after the

calendar year described in Subsection (4)(a), a signed statement described in Section 59-2-306 with respect to the taxable tangible personal property that is exempt under Subsection (2)(a) may only require the taxpayer to certify, under penalty of perjury, that the taxpayer qualifies for the exemption under Subsection (2)(a).

(c) If a taxpayer qualifies for an exemption described in Subsection (2)(a) for five consecutive years and files a signed statement for each of those years in accordance with Section 59-2-306 and Subsection (4)(b), a county assessor may not require the taxpayer to file a signed statement for each continuing consecutive year for which the taxpayer qualifies for the exemption.

(d) If a taxpayer qualifies for an exemption described in Subsection (2)(b) or (c) for an item of tangible taxable personal property, a county assessor may not require the taxpayer to include the item on a signed statement described in Section 59-2-306.

(5) A signed statement with respect to qualifying exempt primary residential rental personal property is as provided in Section 59-2-103.5.

(6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules to administer this section and provide for uniform implementation.

Section 9. Section **59-7-302** is amended to read:

**59-7-302. Definitions -- Determination of taxpayer status.**

(1) As used in this part, unless the context otherwise requires:

(a) "Aircraft type" means a particular model of aircraft as designated by the manufacturer of the aircraft.

(b) "Airline" means the same as that term is defined in Section 59-2-102.

(c) "Airline revenue ton miles" means, for an airline, the total revenue ton miles during the airline's tax period.

(d) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitutes integral parts of the taxpayer's regular trade or business operations.

(e) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(f) "Compensation" means wages, salaries, commissions, and any other form of remuneration paid to employees for personal services.

(g) "Excluded NAICS code" means a NAICS code of the 2017 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget, within:

(i) NAICS Code 211120, Crude Petroleum Extraction;

(ii) NAICS Industry Group 2121, Coal Mining;

(iii) NAICS Industry Group 2212, Natural Gas Distribution;

(iv) NAICS Subsector 311, Food Manufacturing;

(v) NAICS Industry Group 3121, Beverage Manufacturing;

(vi) NAICS Code 327310, Cement Manufacturing;

(vii) NAICS Subsector 482, Rail Transportation;

(viii) NAICS Code 512110, Motion Picture and Video Production;

(ix) NAICS Subsection 515, Broadcasting (except Internet); or

(x) NAICS Code 522110, Commercial Banking.

(h) (i) Except as provided in Subsection (1)(h)(ii), "mobile flight equipment" means the same as that term is defined in Section 59-2-102.

(ii) "Mobile flight equipment" does not include:

(A) a spare engine; or

(B) tangible personal property described in Subsection 59-2-102[(27)](25) owned by an air charter service or an air contract service.

(i) "Nonbusiness income" means all income other than business income.

(j) "Optional apportionment taxpayer" means a taxpayer described in Subsection (3).

(k) "Phased-in sales factor weighted taxpayer" means a taxpayer that:

(i) is not a sales factor weighted taxpayer;

(ii) does not meet the definition of an optional apportionment taxpayer; or

(iii) for a taxable year beginning on or after January 1, 2020:

(A) meets the definition of an optional apportionment taxpayer; and

(B) apportioned business income using the method described in Subsection 59-7-311(4) during the previous taxable year.

(l) "Revenue ton miles" is determined in accordance with 14 C.F.R. Part 241.

929 (m) "Sales" means all gross receipts of the taxpayer not allocated under Sections  
930 59-7-306 through 59-7-310.

931 (n) "Sales factor weighted taxpayer" means a taxpayer described in Subsection (2).

932 (o) "State" means any state of the United States, the District of Columbia, the  
933 Commonwealth of Puerto Rico, any territory or possession of the United States, and any  
934 foreign country or political subdivision thereof.

935 (p) "Transportation revenue" means revenue an airline earns from:

936 (i) transporting a passenger or cargo; or

937 (ii) from miscellaneous sales of merchandise as part of providing transportation  
938 services.

939 (q) "Utah revenue ton miles" means, for an airline, the total revenue ton miles within  
940 the borders of this state:

941 (i) during the airline's tax period; and

942 (ii) from flight stages that originate or terminate in this state.

943 (2) (a) A taxpayer is a sales factor weighted taxpayer if the taxpayer apportioned  
944 business income using the method described in Subsection 59-7-311(2) during the previous  
945 taxable year or if, regardless of the number of economic activities the taxpayer performs, the  
946 taxpayer generates greater than 50% of the taxpayer's total sales everywhere from economic  
947 activities that are classified in a NAICS code of the 2002 or 2007 North American Industry  
948 Classification System of the federal Executive Office of the President, Office of Management  
949 and Budget, other than:

950 (i) a NAICS code within NAICS Sector 21, Mining;

951 (ii) a NAICS code within NAICS Industry Group 2212, Natural Gas Distribution;

952 (iii) a NAICS code within NAICS Sector 31-33, Manufacturing, except:

953 (A) NAICS Industry Group 3254, Pharmaceutical and Medicine Manufacturing;

954 (B) NAICS Industry Group 3333, Commercial and Service Industry Machinery  
955 Manufacturing;

956 (C) NAICS Subsector 334, Computer and Electronic Product Manufacturing; and

957 (D) NAICS Code 336111, Automobile Manufacturing;

958 (iv) a NAICS code within NAICS Sector 48-49, Transportation and Warehousing;

959 (v) a NAICS code within NAICS Sector 51, Information, except NAICS Subsector

519, Other Information Services; or

(vi) a NAICS code within NAICS Sector 52, Finance and Insurance.

(b) A taxpayer shall determine if the taxpayer is a sales factor weighted taxpayer each year before the due date for filing the taxpayer's return under this chapter for the taxable year, including extensions.

(c) For purposes of making the determination required by Subsection (2)(a), total sales everywhere include only the total sales everywhere:

(i) as determined in accordance with this part; and

(ii) made during the taxable year for which a taxpayer makes the determination required by Subsection (2)(a).

(3) (a) A taxpayer is an optional apportionment taxpayer if the average calculated in accordance with Subsection (3)(b) is greater than .50.

(b) To calculate the average described in Subsection (3)(a), a taxpayer shall:

(i) calculate the following two fractions:

(A) the property factor fraction as described in Subsection 59-7-312(3); and

(B) the payroll factor fraction as described in Subsection 59-7-315(3);

(ii) add together the fractions described in Subsection (3)(b)(i); and

(iii) divide the sum calculated in Subsection (3)(b)(ii):

(A) except as provided in Subsection (3)(b)(iii)(B), by two; or

(B) if either the property factor fraction or the payroll factor fraction has a denominator of zero or is excluded in accordance with Subsection 59-7-312(3)(b) or 59-7-315(3)(b), by one.

(c) A taxpayer shall determine if the taxpayer is an optional apportionment taxpayer before the due date for filing the taxpayer's return under this chapter for the taxable year, including extensions.

(4) A taxpayer that files a return as a unitary group for a taxable year is considered to be a unitary group for that taxable year.

(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may define the term "economic activity" consistent with the use of the term "activity" in the 2007 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget.